

UNIVERSITY *of* HOUSTON  
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

**SECTION: Procurement**  
**AREA: Procurement - General**

**Number 04.01.01**

<b>SUBJECT: Purchase of Goods, Materials, and Supplies through the Purchasing Department</b>
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I. PURPOSE:

The purpose of this document is to establish the policy and procedures to be followed when purchasing goods, materials, and supplies through the Purchasing Department. While some services, such as delivery and installation, may be associated with goods, materials, and supplies purchased through Purchasing, this policy is not intended to address the purchase of primarily contracted services, which are governed by MAPP [04.04.01A](#).

II. POLICY STATEMENT

It is the policy of the University of Houston that these procedures will apply when using all sources of funds, except for agency funds (fund 9), for the procurement of goods, materials, and supplies. When using agency funds, departments are considered the custodian (not owner) of those funds for an entity outside the university and should make all expenditures with the consent and in the best interest of the owner of those funds. Agency funds are not subject to the procedures in this MAPP.

III. PROCEDURES AND DEFINITIONS

A. Acquisition of Goods, Materials, and Supplies

1. Pursuant to Texas Education Code [§51.9335](#), an institution of higher education may acquire goods, materials, and supplies by the method that provides the best value to the institution, including:
  - a. Competitive bidding.
  - b. Competitive sealed proposals.
  - c. Catalog purchase (CISV).
  - d. Group purchasing programs.
  - e. Open market contract.

2. In determining best value to an institution of higher education, the institution shall consider the following:
  - a. Purchase price.
  - b. Reputation of the vendor and of the vendor's goods, materials, and supplies.
  - c. Quality of the vendor's goods, materials, and supplies.
  - d. Extent to which the goods, materials, and supplies meet the institution's needs.
  - e. Vendor's past relationship with the institution.
  - f. Impact on the ability of the institution to comply with laws and rules relating to historically underutilized businesses (HUBs) and to the procurement of goods, materials, and supplies from persons with disabilities.
  - g. Total long-term cost to the institution of acquiring the vendor's goods, materials, and supplies.
  - h. Any other relevant factor that a private business entity would consider in selecting a vendor.
  - i. Use of material in construction or repair to real property that is not proprietary to a single vendor, unless the institution provides written justification in the request for bids for use of the unique material specified.
3. Procurement of goods, materials, and supplies must comply with state and federal laws and institutional policies and procedures.
4. The Purchasing Department is delegated the final authority for determining the "best value" for the university for goods, materials, and supplies. Contracts Administration has the final authority for determining the "best value" for contracted services (MAPP [04.04.01A](#)).
5. Purchase orders are not intended to be used strictly as a payment tool; therefore, the purchase order must be created prior to the commitment or obligation. Purchase requisitions submitted after the commitment has been made and/or after the goods, materials, or supplies are received will constitute non-compliance.

B. Procurement Methods

The vendor selection process for purchase orders is summarized in the flowchart at the end of this document.

1. Master Agreements – Master Agreements allow requisitioning departments to purchase commodities without requesting competitive bids from other vendors. The “best value” process has already occurred through the RFP process or group purchasing programs; therefore, individual purchases do not require further bidding. Master Agreements should be utilized whenever possible, though they are not required. All current institutional agreements are available through the purchasing website, <http://www.uh.edu/purchasing/>.
2. State Use Program - Commodities and/or services that are available through the Texas Council for Purchasing from People with Disabilities (currently TIBH) must be purchased through this entity when state-appropriated funds are used unless non-utilization of TIBH can be adequately justified. See TIBH website, <http://www.tibh.org/>, for details. Reference: [Chapter 122](#), Texas Human Resources Code.
3. Catalog Information Systems Vendor Program (CISV) - Automated information systems (AIS) products and services that are associated with computers (automation) or telecommunication systems may be purchased using the CISV program. This program is optional for the university and not a requirement. Specific guidelines for this program are accessible on the Texas Comptroller’s Office website, <http://cpa.state.tx.us/procurement/>.
4. State of Texas Contracts - The Texas Comptroller’s Office establishes term contracts, including TXMAS (General Services Administration) contracts, for goods and services. This program is optional for the university and not a requirement. These contracts are accessible on the Texas Comptroller’s website, <http://cpa.state.tx.us/procurement/>.
5. Purchasing Cooperatives - University of Houston is a member of numerous purchasing cooperatives, which allow purchases to be made directly with the vendor as the bidding and/or negotiation process has already occurred. This program is optional for the university and not a requirement. See the Purchasing website at <http://www.uh.edu/purchasing/> for further information.

6. Competitive Bidding/Proposals - If the “best value” for the commodity or service is not obtained from one of the above-listed programs, the bidding process should be followed. If competitive sealed bidding is neither practical nor advantageous to the university, the request for proposal (RFP) process may be used.

**C. When to Use a Purchase Order**

1. Purchases greater than \$5,000 must be placed on a requisition and routed through Purchasing for approval and creation of a purchase order. Exceptions are noted below.
2. The following purchases must be placed on a requisition regardless of the dollar amount:
  - a. Radioactive materials, controlled substances, x-ray machines, Class 3b and 4 lasers, and biological safety cabinets.
  - b. Vehicles.

Note: The Pre-Approval Form for Requisitions (Addendum B) must be used to obtain pre-approval for the above purchases.

- c. Equipment lease or maintenance agreements.
  - d. Other purchases required by Finance to be on a requisition to achieve one or more of the following goals:
    - Increase use of historically underutilized businesses.
    - Obtain a vendor discount for volume purchases.
    - Increase efficiency in the procurement/payment process.
3. The following purchases do not require a requisition regardless of dollar amount:
  - a. Court costs, criminal, civil, and administrative hearings.
  - b. Dues and membership fees.
  - c. Human cadavers, skin, blood, bones, tissue.
  - d. Library expenditures.

- e. Postage and postal services.
  - f. Registration fees and materials.
  - g. Revenue bond expenses.
  - h. Training and tuition for employees (must be approved by Scholarships and Financial Aid).
  - i. Utilities (purchased, regulated; not long distance).
  - j. Direct payment or reimbursement of travel expenses (see MAPP [04.02.01A](#) and MAPP [04.02.01B](#) for additional information about these payments).
  - k. Reimbursement of employee moving expenses (see MAPP [02.02.05](#) for additional information about these payments). However, direct payments to moving companies require a contract or purchase order.
  - l. Items purchased for resale.
4. The following purchases, which require a contract at any amount, also require a requisition if the total amount will be \$10,000 or more:
- a. Contracted services: accreditation, construction, consultant and professional, lecturers, speakers, counselors, critiques, performances, panelists, etc.
  - b. Interagency agreements.
  - c. Renovation or construction contracted by Plant Operations.

A requisition is required for contracted services totaling \$10,000 or more to facilitate required state reporting. See MAPP [04.04.01A - Contracting – General](#) for additional procedures related to contractual agreements.

D. Development of Specifications

- 1. The end user should communicate to the purchaser in the Purchasing Department the goods, materials, or supplies needed via the PeopleSoft requisition. The requisition should include the specifications of the items that the end user needs to procure.

2. A specification is a detailed description of an item that a user seeks to procure. The specification must be simple, clear, accurate, competitive, and flexible. If the specifications do not allow for competition, then the specifications are considered proprietary.

E. Proprietary (Sole Source) Specifications

1. A proprietary purchase is justified only when an equivalent product is not available. When the specification requirement limits consideration to one manufacturer, one product, or one service provider, and the amount of the purchase exceeds \$5,000, a written justification must be provided.
2. The Proprietary Purchase form, which is separate from the requisition, has been developed to assist in the justification process. The requester must state:
  - a. The proprietary features of the item and why these features are required.
  - b. Why no competing product can meet the needs.

The Proprietary Purchase form is located at <http://www.uh.edu/purchasing/>.

F. Bid Requirements

1. Bids must be obtained on all purchases in excess of \$5,000.
2. Bid limits, regardless of the source of funds, are:
  - a. \$5,000.01 to \$25,000.00 – Electronic requisitions must be sent to Purchasing for processing. When possible, Purchasing will obtain a minimum of three informal bids, with two being from certified HUBs (minority-owned and/or woman-owned businesses). Although the requesting department may submit informal quotes with their request, the Purchasing Department may choose to solicit other bids as well.
  - b. \$25,000.01 and Over – Electronic requisitions must be sent to Purchasing for processing. Purchasing will obtain formal bids/proposals.

3. Exceptions to above bid requirements:
  - a. Texas Constitution, [Article 16, Section 21](#), requires all printing and binding to be competitively bid; therefore, any procurement for printing or binding regardless of funds will require a minimum of two (2) bids, regardless of the dollar amount. One of the quotes must be from the UH Printing Department. The UH Printing Department may be chosen without competitive bidding. If so, the department should use the Printing Department Order Form to place the order, instead of a requisition through Purchasing, and pay with a SC voucher, instead of a PO voucher.
  - b. Proprietary purchases adequately justified (see above requirements for proprietary purchases). Requests in excess of \$25,000 require a formal bid from the proprietary vendor.
  - c. Purchases made through Master Agreements, State Use Program, State of Texas Contracts, or Purchasing Cooperatives.
4. All procurements that exceed \$25,000, without regard to the source of funds, may be posted on an electronic bulletin board managed by the Texas Comptroller's Office if there is an advantage to doing so.
5. The Purchasing Department is encouraged to solicit and purchase from HUBs to the fullest extent possible.
6. This MAPP strictly prohibits the splitting of orders to circumvent the bidding process.

G. Purchases greater than \$100,000

An Authorization and Information Summary Sheet for Purchase Requisitions Exceeding \$100,000 (Addendum C) must be completed for purchases greater than \$100,000. The Authorization and Information Summary Sheet should be routed and approved with the completed requisition as follows:

1. Dean or Director of the Unit Requesting the Order.
2. Division Vice President or Senior Vice President for Academic Affairs & Provost.
3. Director of Purchasing.

4. Vice President for Administration and Finance (only for Athletics requisitions greater than \$100,000 and all other requisitions greater than \$300,000).
5. President (only for requisitions greater than \$500,000).
6. Board of Regents (only for requisitions greater than \$1,000,000) – The Chancellor’s signature will indicate Board approval.

After the final approval is obtained, the requisition and Authorization and Information Summary Sheet should be returned to Purchasing for processing.

H. Installation and Service Agreements:

For all purchases of goods that also require installation or service where the installation or service is less than or equal to \$25,000, the Purchasing Department will ask the vendor to complete a Furnishings and Equipment Agreement prior to issuance of a Purchase Order. In the event that the installation or service component of the purchase exceeds \$25,000, a contract must be completed for the installation or service component following MAPP [04.04.01-A](#). The PO encumbrance will include the contract amount.

I. Emergency Purchases

1. An emergency purchase is defined by the Texas Administrative Code (Rule 113.2) as “a purchase of goods or services so badly needed that an agency will suffer financial or operational damage unless they are secured immediately.”
2. An emergency purchase requires a letter of justification signed by the college/division administrator stating:
  - a. The reason for the emergency purchase by explaining what the emergency is and/or what caused the emergency.
  - b. The financial or operational damage that will occur if needs are not satisfied immediately (do not just state there will be a loss or damage).
  - c. Why the needs were not or could not have been anticipated so that items could be procured through regular procurement procedures.

J. Receipt of Items Ordered

1. Requisitioning departments must inspect all shipments received against the purchase orders and report any discrepancies to the vendor. Any discrepancy, including non-compliance with specifications, shortages, overages, and any damages must be reported immediately, but no later than 21 days after receipt of goods, materials, or supplies.
2. Substitution of items ordered with a Purchase Order is not permitted without the prior approval of Purchasing. No approval will be granted unless substituted items are of equal quality and are offered at the same or lower price.
3. Items must comply with the written specifications contained within the purchase order and/or contract. Failure to do so by the vendor will result in non-payment to the vendor.

IV. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice President for Finance

Review: Every three years, on or before July 1.

V. APPROVAL

Jim McShan

Interim Vice President for Administration and Finance

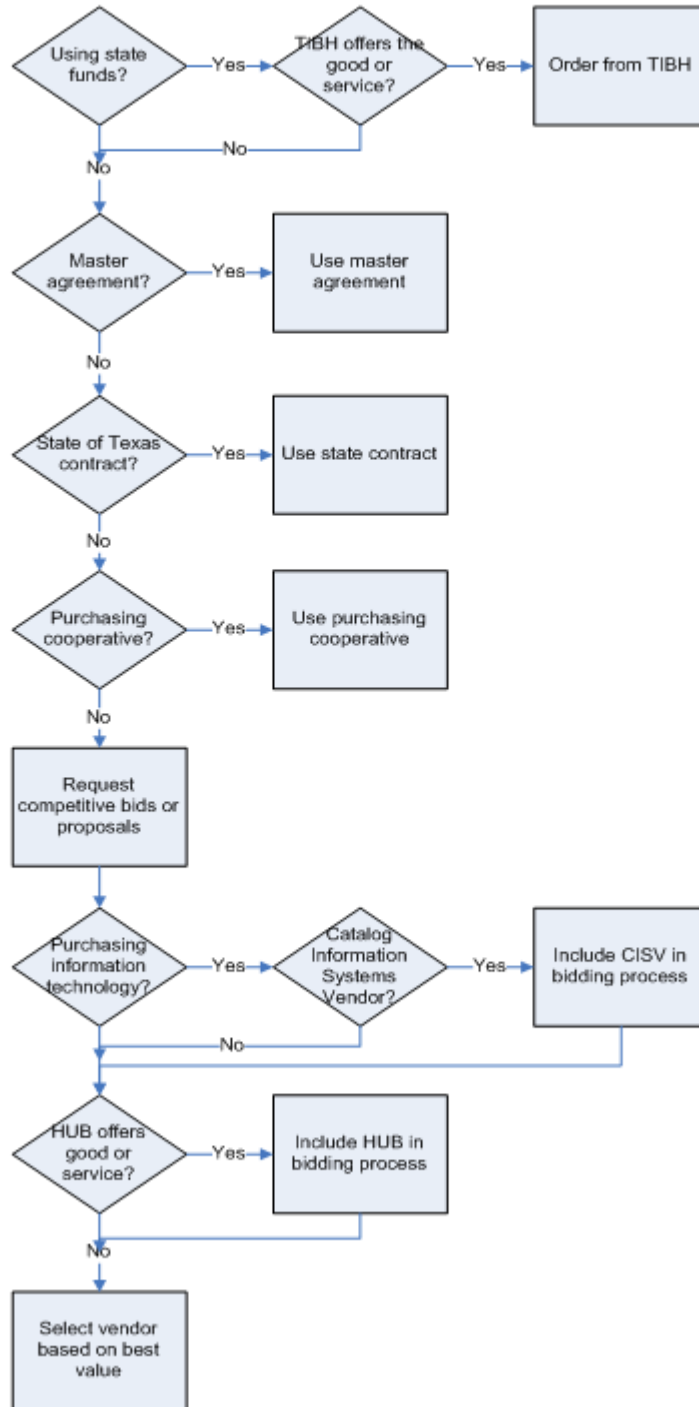
Renu Khator

President

Date of President's Approval: April 7, 2008

### Addendum A

## Vendor Selection for Purchase Orders



**Addendum B**

**Pre-Approval Form for Requisitions**

Requisition # (attach requisition paperwork) \_\_\_\_\_

Date: \_\_\_\_\_

Requester: \_\_\_\_\_

Summary of item(s) to be purchased:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Approvals, as appropriate:

Department of Environmental Health and Risk Management

Radioactive Materials \_\_\_\_\_ Date: \_\_\_\_\_

Controlled Substances \_\_\_\_\_ Date: \_\_\_\_\_

X-Ray Machines \_\_\_\_\_ Date: \_\_\_\_\_

Class 3b and 4 Lasers \_\_\_\_\_ Date: \_\_\_\_\_

Biological Safety Cabinets \_\_\_\_\_ Date: \_\_\_\_\_

Vehicles (MAPP 03.01.04) \_\_\_\_\_ Date: \_\_\_\_\_

Once approved, this document must be scanned into the aforementioned requisition or faxed to the Purchasing Department before the Purchase Order will be issued to the vendor.



Addendum C – Page 2

Authorization and Information Summary Sheet for  
Purchase Requisitions Exceeding \$100,000

Sequential Review and Approvals

\_\_\_\_\_  
Dean/Director Date \_\_\_\_\_

\_\_\_\_\_  
Vice President/Senior VP for Academic Affairs and Provost Date \_\_\_\_\_

\_\_\_\_\_  
Director of Purchasing Date \_\_\_\_\_

*For all Athletics Department purchases that exceed \$100,000 and for all other purchases that exceed \$300,000, the approval of the Vice President for Administration and Finance is required.*

\_\_\_\_\_  
Vice President for Administration and Finance Date \_\_\_\_\_

*If the purchase exceeds \$500,000, the approval of the President is required.*

\_\_\_\_\_  
President Date \_\_\_\_\_

*If the purchase exceeds \$1,000,000, the approval of the Board of Regents is required, in which case the signature of the Chancellor will indicate the Board's approval.*

\_\_\_\_\_  
Chancellor/Board of Regents Date \_\_\_\_\_

Attachments: Original Purchase Requisition or Contract